



BUSINESS

STATE SENATOR 13th District

Update

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Dear Job Provider:

As the Michigan economy undergoes seismic change, it is critical that we accelerate our work to cultivate a welcoming business climate, one that supports current companies and attracts new ones as well.

Senate Republicans are driving legislation to make government smaller and more efficient, overhaul a punitive regulatory environment and provide tax relief to our job providers – steps that are the foundation of a pro-growth Michigan.

I am pleased to update you on some of our recent efforts, but clearly more must be done. I am committed to doing everything possible to help our business community retain and grow jobs. I welcome your suggestions and ideas.

As a job provider, your contribution to our community and our state cannot be overstated, especially during these challenging times. If there is any way I may assist you, please do not hesitate to contact me toll-free at 877-SEN-13TH or visit my website at www.SenatorJohnPappageorge.com.

Sincerely,

State Senator
John Pappageorge

“There is no more pressing issue in Michigan than building a competitive business environment that fuels investment and job growth.”

— State Senator, John Pappageorge



SENATE LEADS EFFORT TO TRIM MBT

Michigan's economic come-back rests on the ability of our business community to compete – not only with neighboring states but around the globe.

My Senate colleagues and I have been working to create a healthy business climate, one in which our job providers not only compete, but thrive.

A recent effort, Public Act 433 of 2008 (SB 1038), essentially eliminates a “tax on a tax” that was paid by 50,000 Michigan job providers. The new law fixes a structural problem in the MBT by exempting sales taxes and fees from the gross receipts portion, and exempts interest and dividend income from tax-exempt federal or state securities.

We also passed legislation right out of the gate this year to eliminate the 22 percent business tax surcharge that is crippling many Michigan job providers. SB 1 phases out the surcharge over two years. The Senate approved a three-year phase-out bill last year, but it languished in the state House.

Another measure we passed this spring allows more small businesses to qualify for the 1.8 percent alternative profits tax by increasing the maximum officer compensation and adjusted business income barriers. SB 69 also expands eligibility for the Michigan Entrepreneurial Exemption (ME-2) and extends the credit for an additional three years.

Both SB 1 and SB 69 await action in the House. I look forward to my House colleagues moving the legislation forward.

There is no more pressing issue in Michigan than building a competitive business environment that fuels investment and job growth.

PAPPAGEORGE LEADS EFFORT TO MAKE MICHIGAN BATTERY CAPITAL

I sponsored legislation enacted into law earlier this year to help Michigan remain the center of car manufacturing as the auto industry transitions to 21st century technology.

Public Acts 6 and 26 of 2009 aim to make Michigan the center of advanced battery production by expanding the number of MBT credits for electric vehicle engineering and battery cell manufacturing.

Four cell manufacturing projects have now been awarded tax credits. The credits allow Michigan to qualify for \$2 billion in competitive grants in the federal stimulus package. Other states, including Tennessee, California and New York, are aggressively seeking the stimulus funding.

Taxpayer money is protected as the credits are driven by deliverables - that is, if the firms fail to perform the work, they will not receive the credits.

The market for advanced batteries is projected to reach \$18 billion a year by 2020. In addition, cell research and production promises a wide range of jobs for our workers, including engineers, scientists, technicians and laborers.

Along with doing all we can to help bring jobs and investment to Michigan, I want to make sure our state is at the forefront of this high-tech revolution.



MI SMALL BUSINESS SPANS THE GLOBE

A total of 10,373 companies exported goods from Michigan in 2006. Nearly 90 percent were small and medium-sized businesses with fewer than 500 employees.

Michigan's export shipments in 2008 totaled \$44.9 billion. The state's largest foreign market was Canada, followed by Mexico, Germany, Japan and China.

There are many resources to help businesses learn export basics and find opportunities. Start with these sites:

[www.michiganadvantage.org/Expand-Your-Business/
Export-Assistance](http://www.michiganadvantage.org/Expand-Your-Business/Export-Assistance)

www.export.gov



PAPPAGEORGE SPONSORS BILL TO IMPROVE REGULATORY EFFICIENCY

Government red tape is a major roadblock to business growth and success. I sponsored new legislation that improves Michigan's regulatory environment without jeopardizing worker safety or the environment.

My bill requires agency to periodically review all of their rules in order to ensure they are not having a negative impact on businesses.

Other bills:

- Require a random sampling process in determining business inspections;
- Bans administrative rule-making that is stricter than federal standards unless first approved by the Legislature;
- Create a Business Ombudsman's Office; and
- Require a cost-benefit analysis of new rules.

Overregulation, such as the pursuit of over-the-top, mandatory ergonomic rules, imposes a costly, unnecessary burden on business, especially small business. This hidden tax siphons money away from innovation and job creation.

Senate Bills 13, 431, 434-436, 438, and 439 have been sent to the House.

SENATE IMPROVES BUY MICHIGAN/HIRE MICHIGAN BILLS

All things being equal, Michigan job providers should have a leg up when doing business with the state.

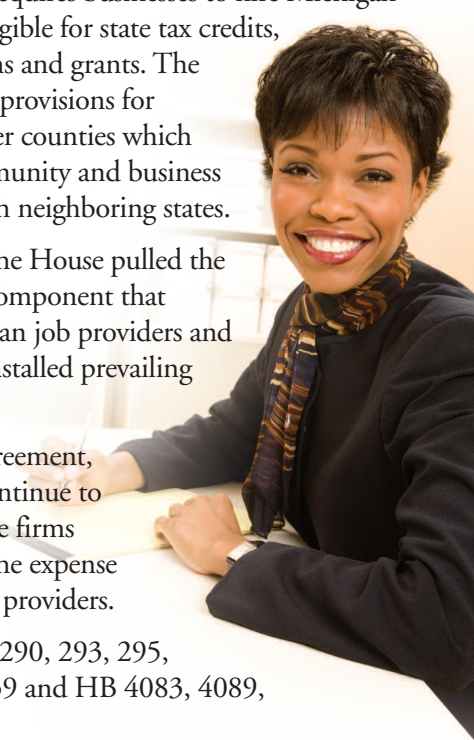
A group of bills recently passed by the Senate and dubbed the Buy Michigan/Hire Michigan package would do just that by creating a 10 percent preference for Michigan companies competing for state contracts. The bills also allow large contracts to be split, allowing smaller Michigan companies to bid.

The legislation requires businesses to hire Michigan workers to be eligible for state tax credits, abatements, loans and grants. The Senate included provisions for Michigans border counties which often have community and business partnerships with neighboring states.

Unfortunately, the House pulled the Buy Michigan component that supports Michigan job providers and workers and reinstalled prevailing wage language.

Until there is agreement, contracts will continue to go to out-of-state firms and workers at the expense of Michigan job providers.

Bills include SB 290, 293, 295, 296, 502 and 539 and HB 4083, 4089, 4092-94.



For more information on doing business with the State of Michigan, go to
www.michigan.gov/buymichiganfirst.

NEW SBA LOAN PROGRAM

Small businesses having trouble meeting expenses could qualify for a no-interest, deferred payment loan under a new Small Business Administration (SBA) program.

The America's Recovery Capital Loan Program will provide loans of up to \$35,000 to established, viable small businesses. The funds offer short term relief and can be used for payments of principal and interest for existing

debt including mortgages, capital leases, credit card obligations and notes payable to vendors, suppliers and utilities.

The loans will be offered by commercial lenders, not SBA directly, for as long as funding is available or until September 30, 2010. For more information, visit: <http://www.sba.gov/recovery/arcloanprogram/index.html>.



ERGONOMICS, PART 2

The Senate recently approved and sent to the House a bill to prevent mandatory ergonomics standards that go far beyond federal regulations from taking effect.

SB 93 prohibits MIOSHA from establishing burdensome mandatory ergonomic rules, although voluntary guidelines would still be allowed. State standards could cost employers \$500 million or more.

Experience has shown that voluntary standards produce the best results. Ergonomic injuries in Michigan have decreased sharply since 1998 – better than the national average – and this has been accomplished without costly mandates.

You may recall we passed a similar bill last year. Unfortunately, it was never taken up by the Michigan House.

The administration is still pursuing the issue, most recently contracting for a study of the impact of the proposed rules with an out-of-state firm. My Senate Republican colleagues and I are closely monitoring the situation.

PAPPAGEORGE MAKES BUSINESS A PRIORITY

State Senator John Pappageorge earned a 94% approval rating from the Michigan Chamber of Commerce's 2007-2008 Legislative Voting Record report. Sen. Pappageorge tied with only three other senators for the highest ranking in the Senate.

By saying no to tax increases and burdensome regulations and yes to addressing problems within the current tax structure, Senator Pappageorge has proven he's a strong voice for businesses in the Michigan Senate.

To view the entire report, visit the chamber's website at www.michamber.com.



TAKING CARE OF BUSINESS ON THE WEB

Find tax information for new businesses, filing deadlines, withholding tables and more at www.michigan.gov/businesstaxes.

From technical assistance to loan information, the Small Business Administration (SBA) offers programs and services to help small business succeed. Find out more at www.sba.gov.

Small business owners and entrepreneurs can access counseling, training and research offered by The Michigan Small Business & Technology Development Center at <http://www.gvsu.edu/misbtcd>. Headquartered at Grand Valley State University, there are 12 regional and more than 30 satellite offices in Michigan.

Search for lost or forgotten personal and business assets at www.michigan.gov/treasury. Click the link to Unclaimed Property.

Shop the state surplus store or bid on items from state surplus and local government, property confiscated by police agencies, and voluntarily abandoned property from Michigan airports. Go to www.michigan.gov/dmb and click on MI Bid on the left sidebar.

